

Program Execution





Program Execution Discussion Items



- **The RFP**
- **The Contract**
- **Competition**
- **Cost Estimating and Life Cycle Cost**
- **Source Selection**



IF ALL ELSE FAILS...

READ THE
CONTRACT!



REQUIREMENTS FOR PUBLICATION

FAR Part 5

- **MUST SYNOPSISIZE ALL PROPOSED CONTRACT ACTIONS OVER \$10,000 IN COMMERCE BUSINESS DAILY**
 - UNLESS ONE OF 12 EXCEPTIONS APPLY
 - REQUIRED BY SMALL BUSINESS ACT & OFPP ACT
- **MUST BE PUBLISHED AT LEAST 15 DAYS BEFORE RFP ISSUED**
- **AT LEAST 30 DAYS RESPONSE TIME FROM DATE OF RFP**
 - R&D REQ'S ADVANCED NOTICE TO EVALUATE CAPABILITIES
 - R&D SOURCES SOUGHT SYNOPSIS
 - AT LEAST 45 DAYS RESPONSE TIME FROM DATE OF PUBLICATION
 - ADDITIONAL SYNOPSIS REQUIRED FOR SOLE SOURCE
- **CONTRACT AWARDS GREATER THAN \$25,000 SYNOPSISIZED**



EXCEPTIONS TO CBD SYNOPSIS

- (1) **CLASSIFIED** - Synopsis cannot be worded to preclude disclosure
- (2) **TIME** - Government would be seriously injured
- (3) **FOREIGN** - Written direction of a foreign government cost reimbursable
- (4) **STATUTE** - Other government agency from specified source
- (5) **UTILITIES** - Only one source
- (6) **ORDER** - Under a requirements contract
- (7) **SBIR** - Small Business innovative research
- (8) **UNSOLICITED** - Proposal R&D proprietary data
- (9) **PERISHABLE** - Subsistence supplies
- (10) **COMMERCIAL** - Brand name required
- (11) **EXISTING** - Contract previously synopsized
- (12) **OUTSIDE** - The United States contract



REQUEST FOR PROPOSAL (RFP)

FAR 15.4

- 1. DESCRIBES THE REQUIREMENT**
- 2. STATES THE AGENCIES TERMS**
- 3. DESCRIBES THE EVALUATION
CRITERIA**
- 4. PRESCRIBES THE PROPOSAL
FORMAT**
- 5. PROVIDES PROCESS
INFORMATION**



COMPETITIVE PROCUREMENT

1. SEALED BID - FAR PART 14

IF ALL FOLLOWING CONDITIONS:

1. TIME PERMITS
2. AWARD BASED ON PRICE
3. DISCUSSIONS NOT NECESSARY
4. REASONABLE CHANCE OF RECEIVING
MORE THAN ONE BID

2. NEGOTIATION - FAR PART 15

CONTRACT MUST INCLUDE
CLAUSES

1. EXAMINATION OF RECORDS
2. AUDIT



SEALED BID PROCEDURES

I. One Step Elements:

(A) Synopsis (B) Solicitation - **IFB** (C)
Submission/Report
(D) Opening/Evaluation (E)
Responsive/Responsible
(F) Modification/Mistakes (G) Award - Low
Bid/FFP

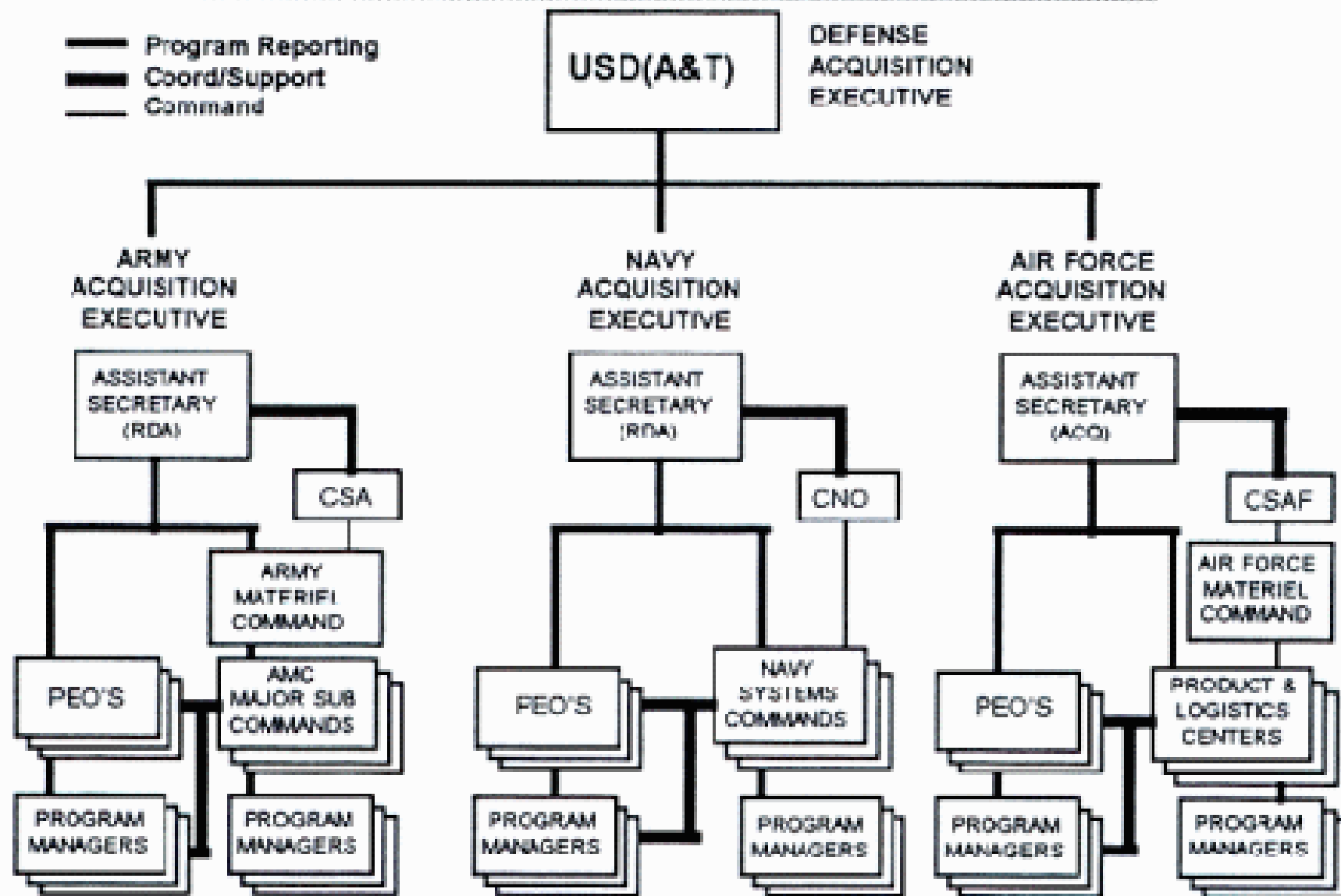
II. Two Step Elements:

(Adequate Specs Not Available for One-Step)

Step 1. (A) Request-RFP (B) Submission (C)
Evaluation
(D) Discussion Tech Proposal (No Pricing)

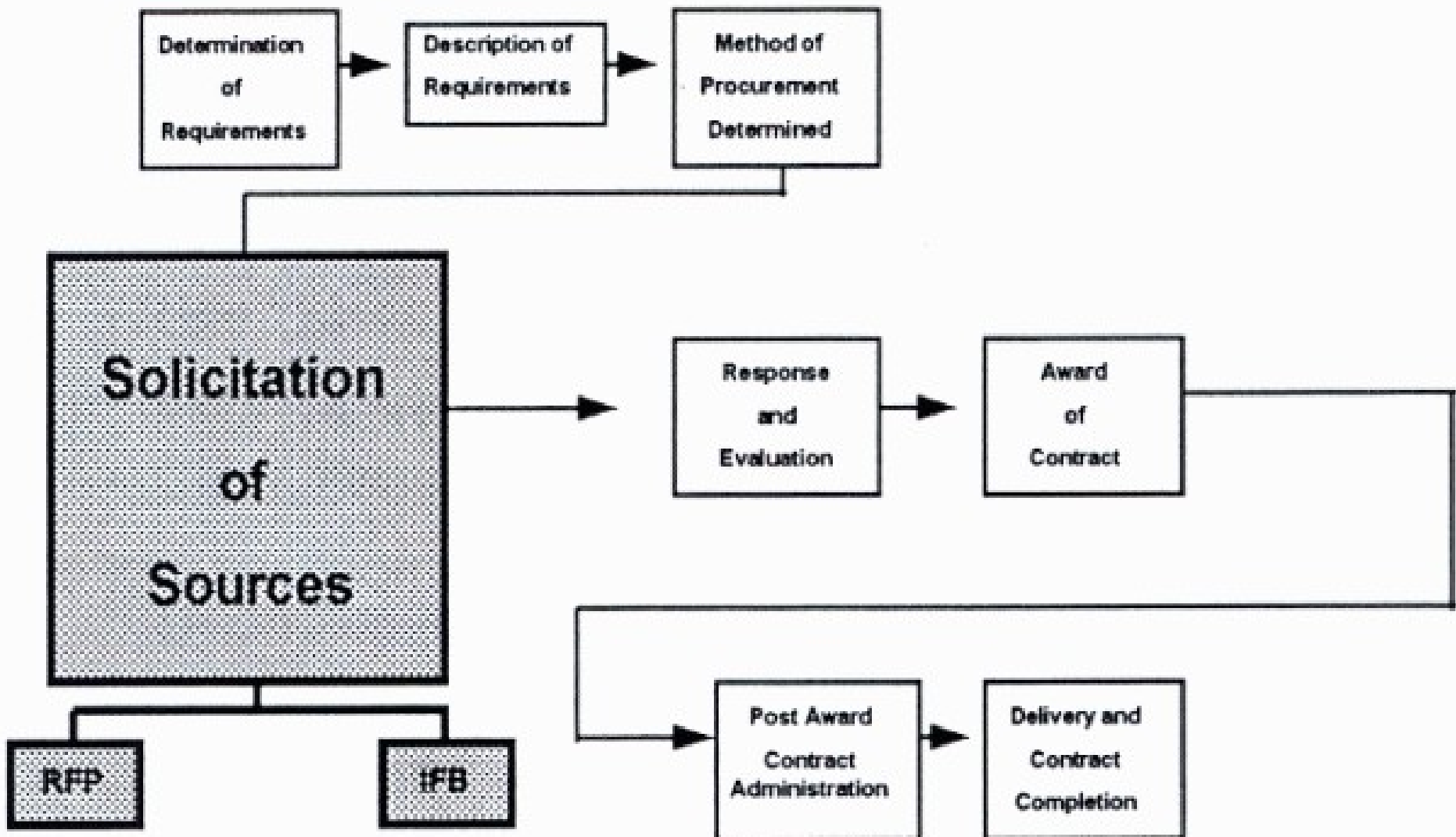
Step 2. Submission of Sealed Priced Bids Only

PROGRAM MANAGER'S REPORTING CHAIN (WEAPON SYSTEM/EXAMPLE)

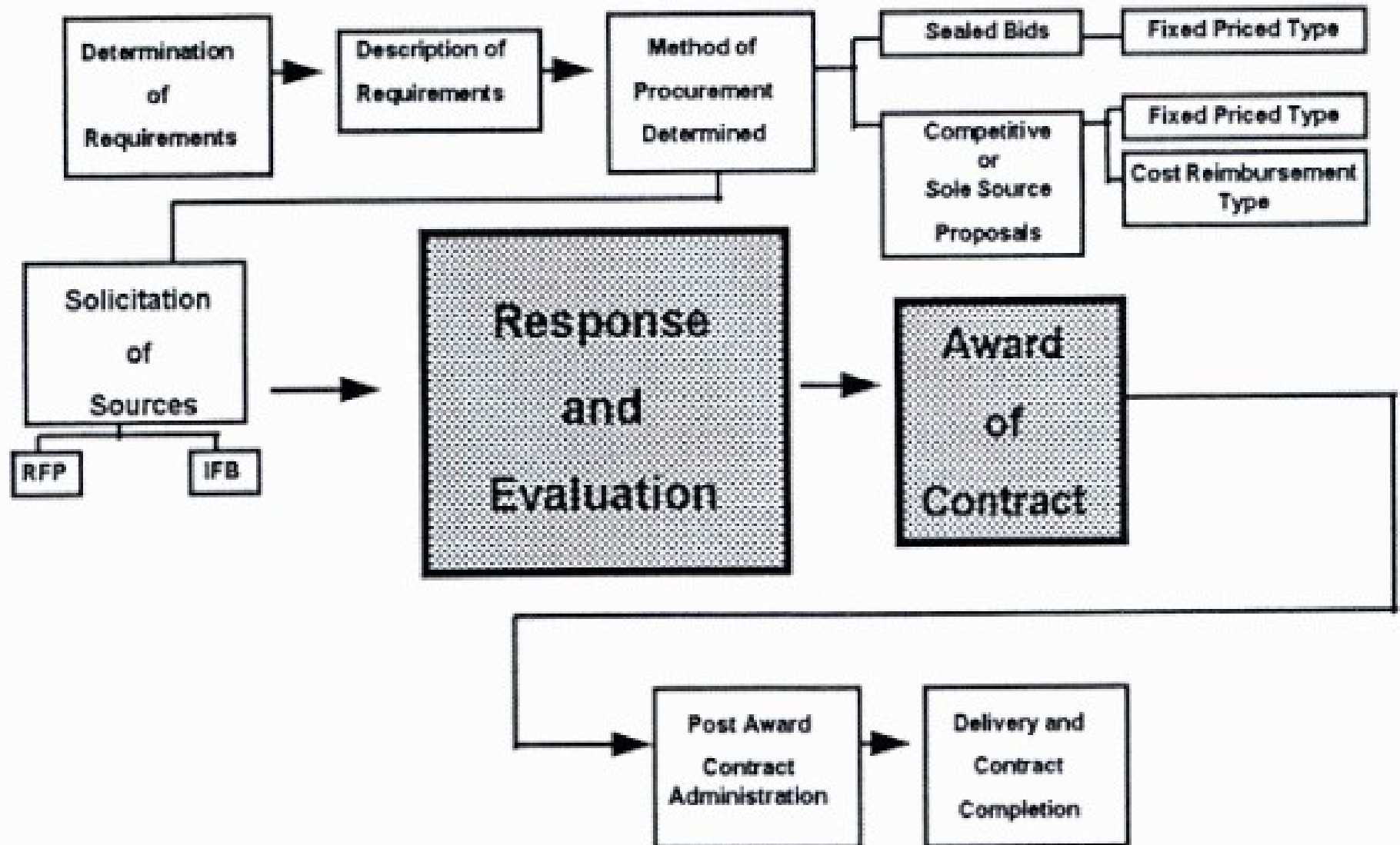


Not Shown: Army Space & Strategic Defense Command, US Marine Corps and Defense Agency Program Managers.
U.S. Special Operations Command

THE CONTRACTING PROCESS

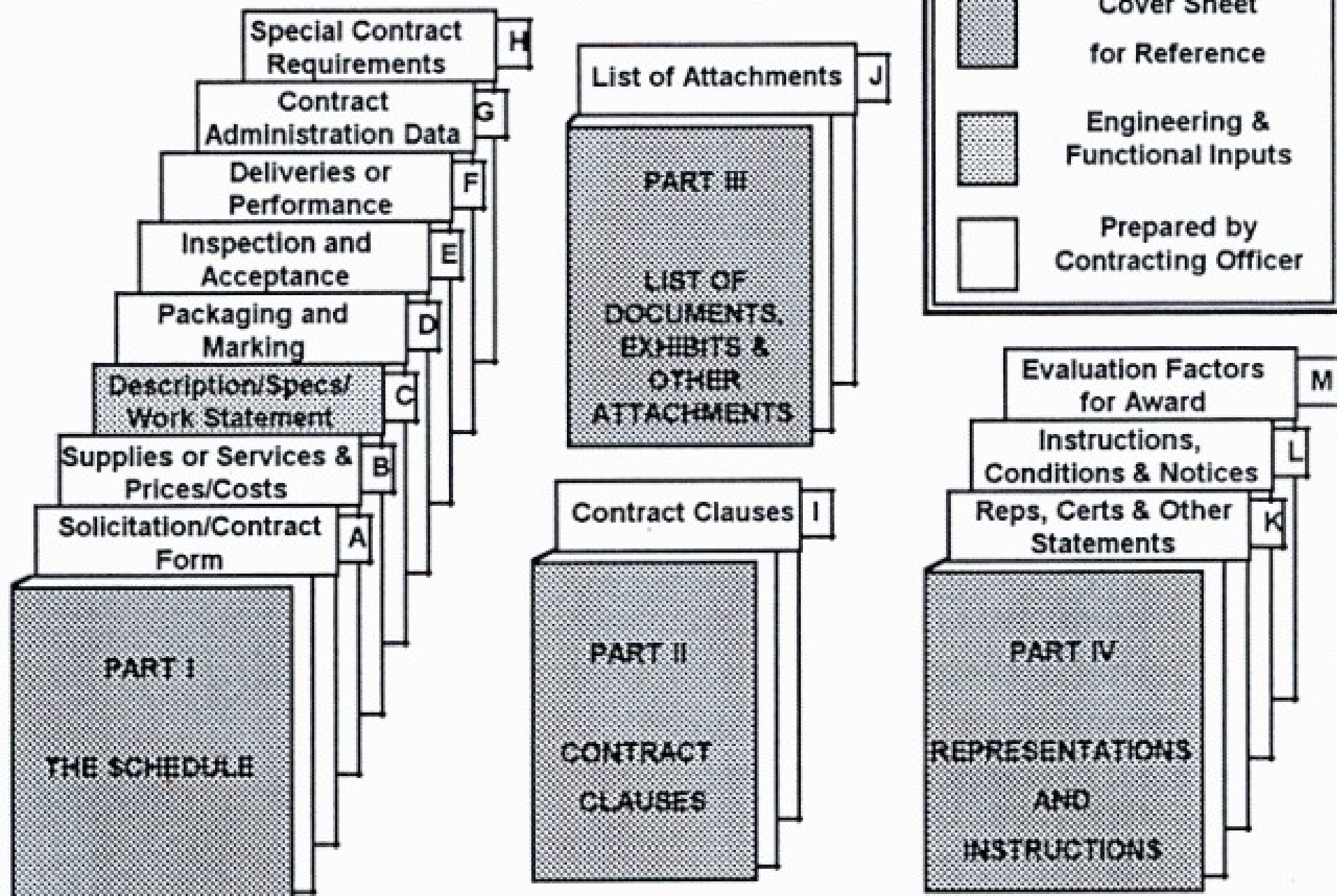


THE CONTRACTING PROCESS



Uniform Contract Format

(FAR 15.406-1)





UNIFORM CONTRACT FORMAT

FAR PART 14/15

S E C T I O N

PART I - THE SCHEDULE

- A Solicitation/Contract Form**
- B Supplies or Services and Prices/Costs**
- C Description/Specifications/Work Statement**
- D Packaging and Marking**
- E Inspection and Acceptance**
- F Deliveries or Performance**
- G Contract Administration Data**
- H Special Contract Requirements**

PART II - CONTRACT CLAUSES

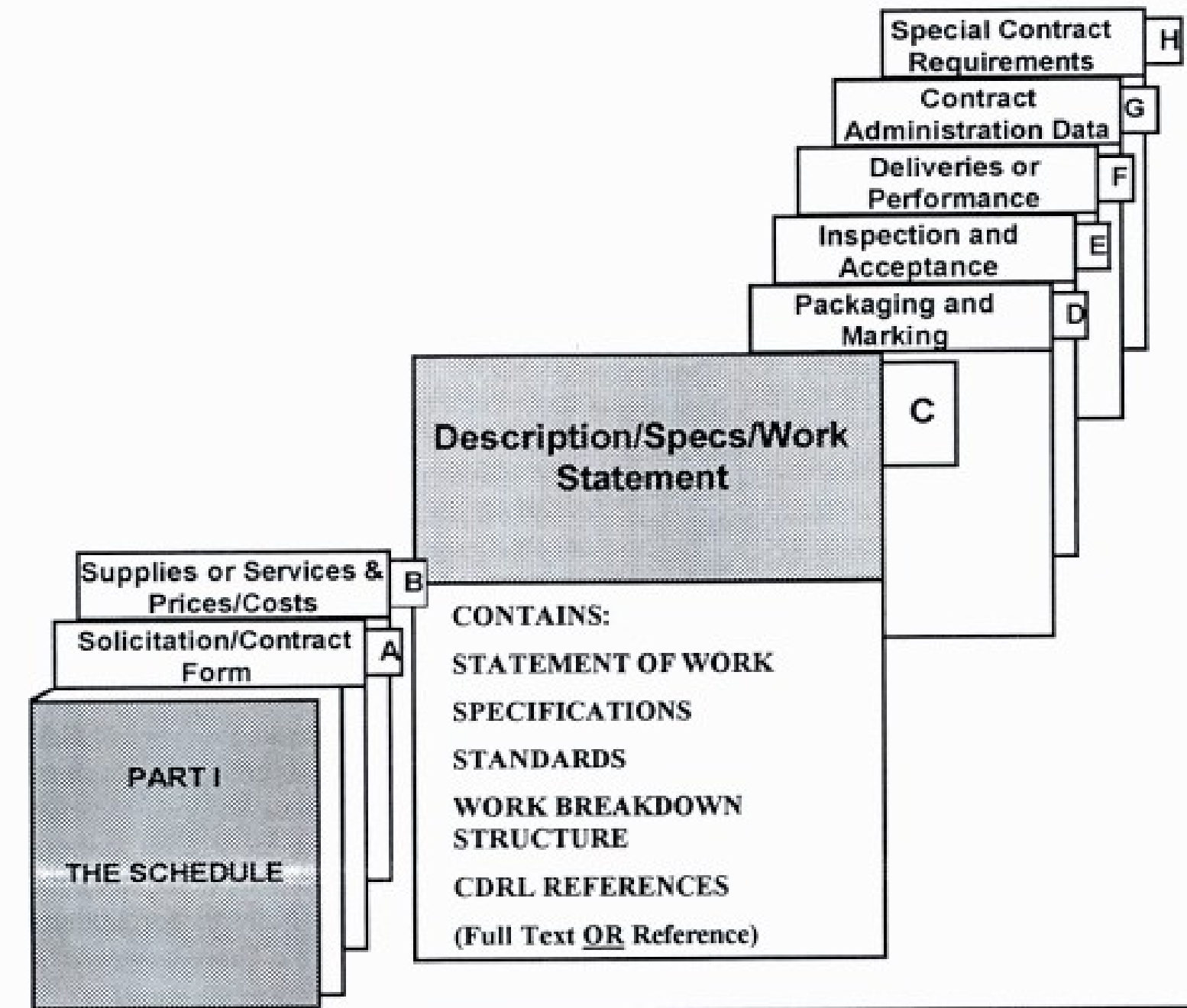
- I Contract Clauses**

PART III - LIST OR DOCUMENTS, EXHIBITS, AND OTHER ATTACHMENTS

- J List of Attachments**

PART IV - REPRESENTATIONS AND INSTRUCTIONS

- K Representations Certifications & Other Statements of Offerors**





SPECIFICATION - A DEFINITION

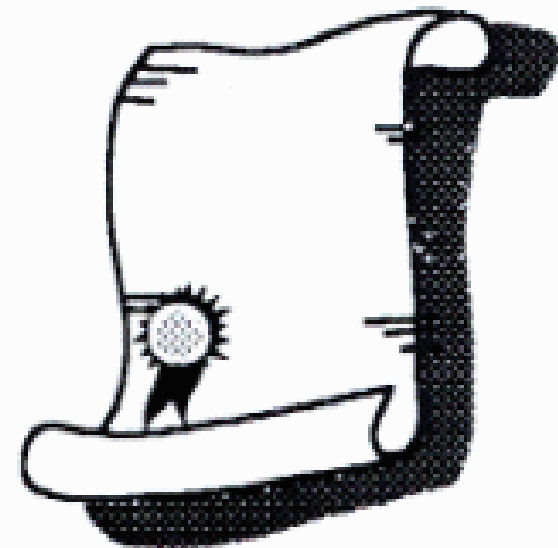
A VOLUMINOUS AND PAINSTAKINGLY DRY DOCUMENT DESIGNED TO HARASS, HAMPER, AND CONFUSE THE MANUFACTURER, DISTURB THE DIGESTION AND EMOTIONAL STABILITY OF CONGRESSMEN, GNAW AT THE VERY FOUNDATIONS OF DEMOCRACY AND PROVIDE SIMULTANEOUS DISCRIMINATION AGAINST BOTH “BIG” AND “LITTLE” BUSINESS. IT IS WRITTEN AS A MASTERPIECE OF INCOHERENCE BY A MAN WHO NEVER SAW THE COMMODITIES SPECIFIED AND FOR BIDDERS WHO WON'T READ IT ANYWAY. THE ITEM DETAILED BEARS NO RELATIONSHIP TO REALITY AS IT CANNOT BE PRODUCED AS SPECIFIED AND WOULD BE WORSE THAN WORTHLESS IF IT COULD. IT IS HOPELESSLY INCOMPATIBLE WITH CURRENT PRODUCTION TECHNIQUES, UTILIZES MATERIALS THAT ARE NOT AVAILABLE, WAS THREE YEARS OUT OF DATE WHEN

Sections B (Ref), C (Ref) & J (Atch) - “Contract Data Requirements List”

- **DD Form 1423**
- **Tells contractors what data to deliver**
- **Explains the “when” and “how” of data delivery (paper or electronic)**
- **Gives preparation instructions**
- **Data is expensive - only buy what you need!**

Section C - “STATEMENT OF WORK”

- Outline tasks
- Define applicable standards
- Tells contractor “WHAT” not “HOW”
- Use “SHALL” to be binding
- Defines work scope
- Clear, concise, consistent



THE RFP

SECTION L - “Instructions, Conditions and Notices to Offerors”

Instructions and formats for offerors to follow in preparing their offers.

- **Page limitations**
- **Type size, any required software application use and electronic transmission method**
- **Organization of proposal - volume numbers & titles**
- **Permits easy comparison of one offeror to another**

THE RFP

Section M - “Evaluation Factors for Award”

How a winner will be selected

- **Evaluation factors**
 - Technical, cost, management, past performance, etc.
 - Relative importance
- **Evaluation criteria**
 - How the evaluation factors will be analyzed to determine award
 - “Best Value” Method

**FACTORS SHALL BE TAILORED TO
EACH ACQUISITION**



SEVEN CONDITIONS FOR INCOMPETITIVE PROCUREMENTS

- **ONLY ONE SOURCE AVAILABLE
(TO BE USED IN THE CASE OF FOLLOW-ON EFFORT
AND UNSOLICITED PROPOSALS AND NOT AS CARTE
BLANCHE)**
- **UNUSUAL AND COMPELLING URGENCY**
- **NATIONAL SECURITY**
- **COMPLIANCE WITH AN INTERNATIONAL
AGREEMENT**
- **EXPRESSLY AUTHORIZED BY STATUTE (8 A'S ETC.)**
- **ESTABLISH/MAINTAIN SOURCES FOR INDUSTRIAL
MOBILIZATION**
- **HEAD OF AGENCY DETERMINES IT IS IN THE PUBLIC
INTEREST**



SMALL BUSINESS & SMALL DISADVANTAGED BUSINESS -- FAR Part 19

- **Policy - Fair Share Govt Procurement Dollars to Small Business**
- **Size Standards - Established by SBA Industry Basis - Nature of Control - Number of Employees - Annual Receipts/Millions \$**
- **Agency Goals - S.B. Representative - Assistance - Oversight - Set-Asides - Breakouts - Conferences -Training**
- **Status Determination**
- **Offeror Representation - Challenges - Protests**
- **Set-Asides - Contracting Officer Determination**
- **Total - Partial - Class - Less Than \$10K**
- **Certificates of Competency “COC” - SBA**
- **The 8(a) Program - SBA = Prime Contractor = Sub**



SMALL BUSINESS

FAR Part 19

Small Business Act 15 USC 631



- **DEFINES SMALL BUSINESS BASED ON NATURE OF THE BUSINESS, BASED ON:**
 - **NUMBER OF EMPLOYEES OR,**
 - **S VALUE OF ANNUAL SALES (RECEIPTS)**
- **PARTIAL OR TOTAL SET-ASIDES FOR SMALL BUSINESS ARE REQUIRED TO ASSURE THAT A FAIR PROPORTION OF GOV'T CONTRACTS ARE AWARDED TO SMALL BUSINESS**
- **IF COMPETITION CAN BE EXPECTED FROM SMALL BUSINESS (2 OR MORE PROPOSALS) TOTAL SET-ASIDE SHOULD BE CONSIDERED**
- **IF SMALL BUSINESS CAN'T SATISFY THE TOTAL REQUIREMENT, PARTIAL SET-ASIDE IS IN ORDER**
- **SIZE STANDARD (EXAMPLES)**

WHEAT FARMING	\$.5 MIL
CONSTRUCTION	\$7.0 MIL
MFG OF PRINTED CIRCUITS	500 EMPLOYEES
ENGINEERING SERVICES - AEROSPACE	\$15.5 MIL
WHOLESALEERS	100 EMPLOYEES



RISK ASSESSMENT

RISK MUST BE ASSESSED FOR:

- COST**
- SCHEDULE**
- PERFORMANCE**



On all Cost Estimates



- **To successfully compute ROM for Cost to completion**

1. Use any recognized method to derive estimated costs
2. Multiply by 3
3. Round Up!!

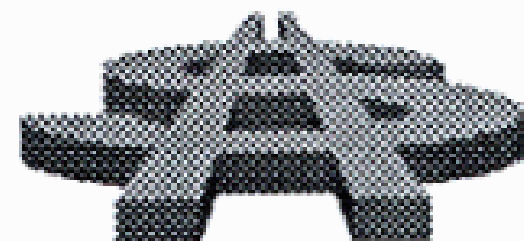
This is one of the only known ways to avoid “going back to the well” for more money.

HOW DO WE DETERMINE THAT A PRICE IS FAIR AND REASONABLE?

- Price analysis is a comparison of prices for identical or similar items
- Cost analysis is a detailed analysis of all of the elements of cost, plus profit, that make up a price
- Combination of both

WHAT DO WE DO IN A COST ANALYSIS?

- **Analyze all of the elements of cost that are included in a price, such as:**
 - Materials (raw materials, purchased parts, subcontracted items)
 - Labor (manufacturing, engineering, services)
 - Overhead (for all areas above)
 - Profit
- **Evaluate the logic used by contractors to estimate unknown costs**
- **How do we get this information?**
 - By requesting “cost and pricing data”



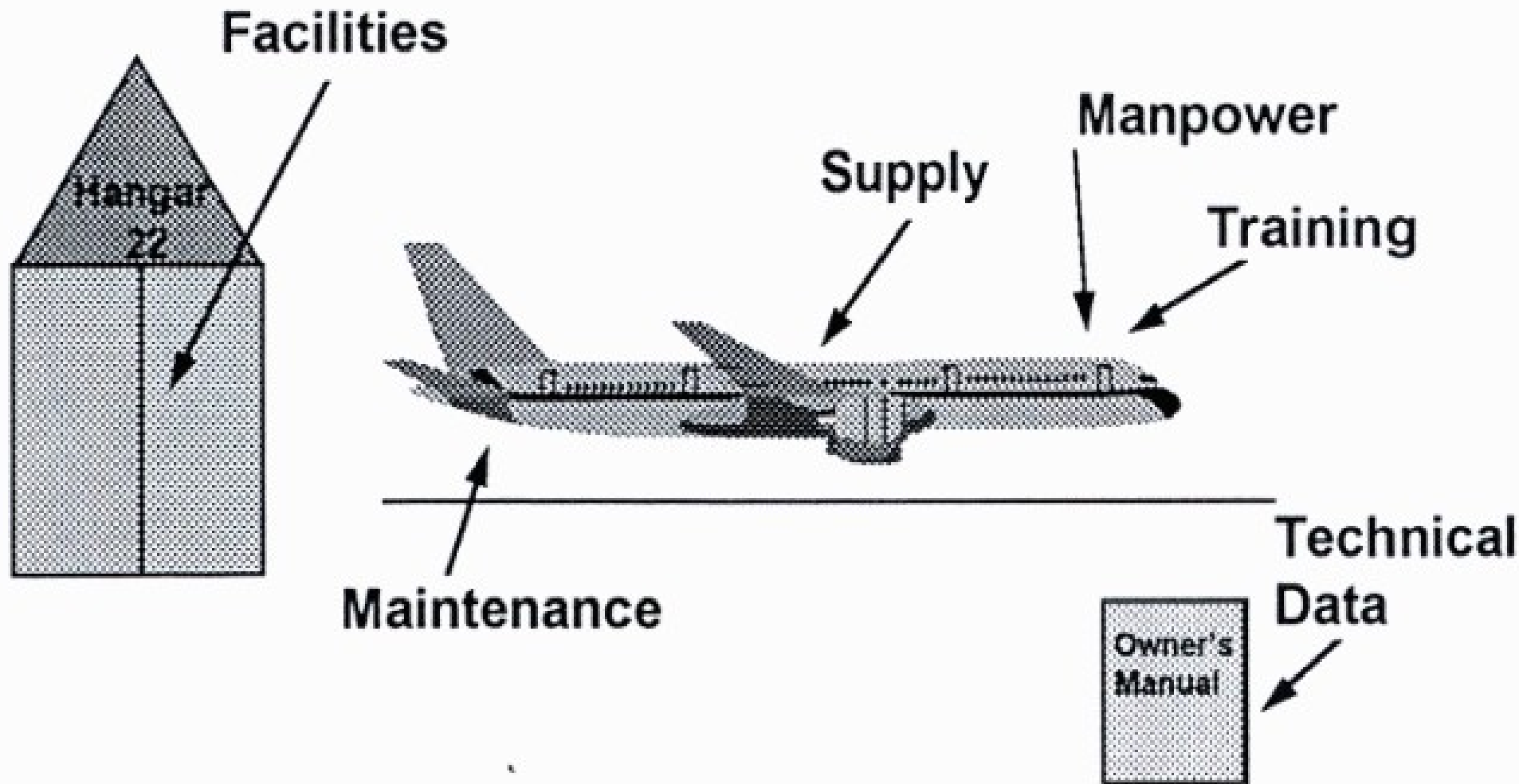
LOGISTICS:

The process of planning and executing the sustainment of forces in support of military operations.

ACQUISITION LOGISTICS: (SYSTEM SUPPORT)

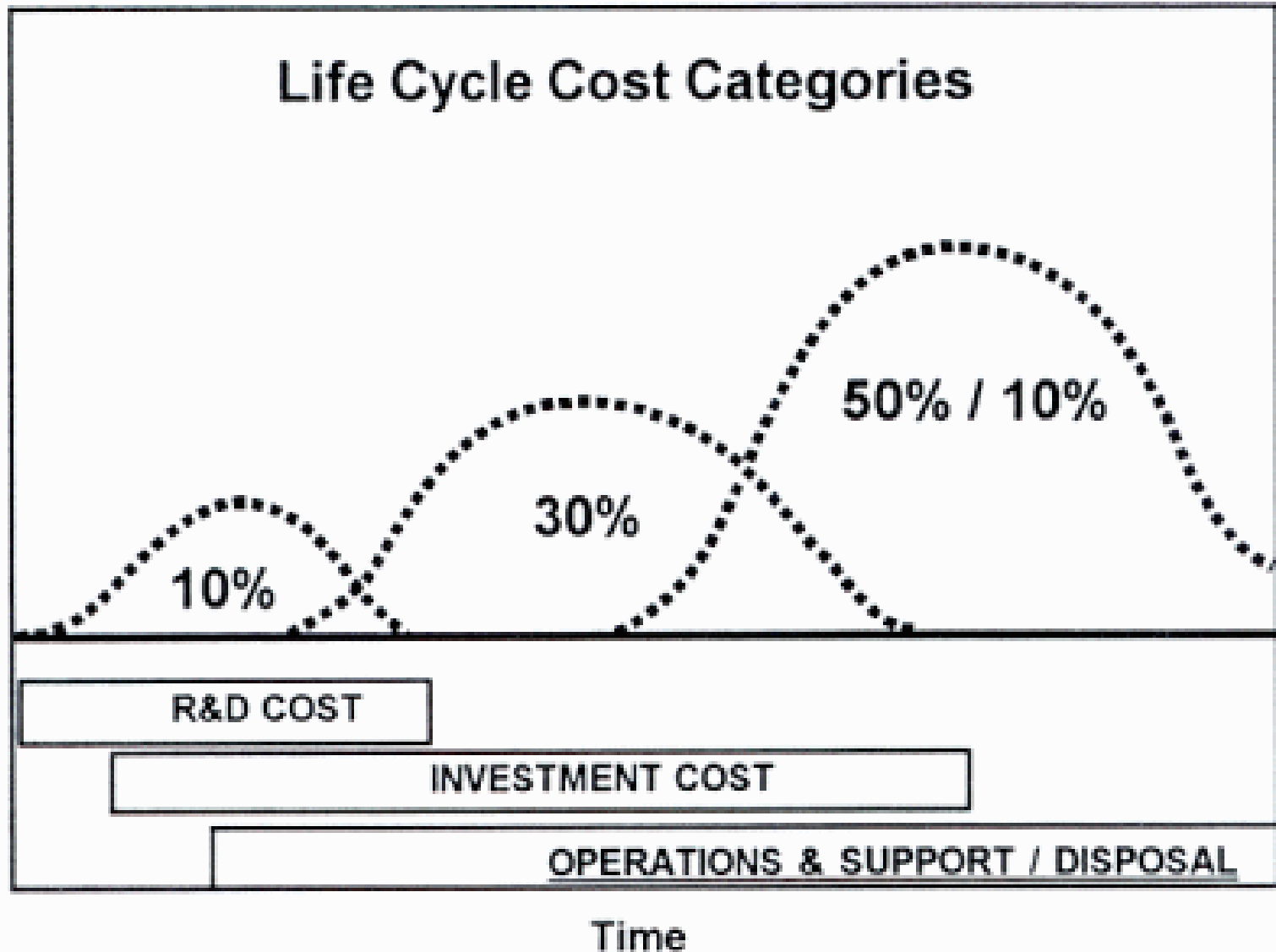
Acquisition Logistics is a multi-functional, technical management discipline associated with the design, development, test, production, fielding, sustainment, and improvement/modification of cost-effective systems that achieve the user's peacetime and wartime readiness requirements.

ACQUISITION LOGISTICS



Designing systems to FIT in our military infrastructure

Life Cycle cost Categories





SOURCE SELECTION PARTICIPANTS

- SOURCE SELECTION AUTHORITY (SSA)
- SOURCE SELECTION ADVISORY COUNCIL (SSAC)
- SOURCE SELECTION EVALUATION BOARD (SSEB)
- SOURCE SELECTION EVALUATION COMMITTEE (SSEC)
- PRINCIPAL CONTRACTING OFFICER (PCO)
- EVALUATORS
- ADVISORS & CONSULTANTS

Users must participate.

SSEB EVALUATION METHODOLOGY

Evaluation
Criteria
Areas
Items
Factors

Offer
Vs.
Standards

Sample Evaluation
Areas
Technical
Manufacturing
Logistics
Management
Cost

Assessment

Relevant past performance
under-standing the problem
soundness of
approach compliance with
requirements (all equal in
importance)

Detailed
Narrative
Analyses
Factors vs.
Standards

Descending
Order of
Importance

Significant
Strengths
Weaknesses
Risks

Item
Summaries

Area
Summaries

Blue

Green

Yellow

Red

Risks: (L) Low (M) Moderate
(H) High



THE DECISION

THE SSA IS NOT BOUND BY THE FINDINGS OF THE BOARD - ONLY BY THE EVALUATION CRITERIA

THE SSA MAY MAKE HIS/HER OWN FINDINGS

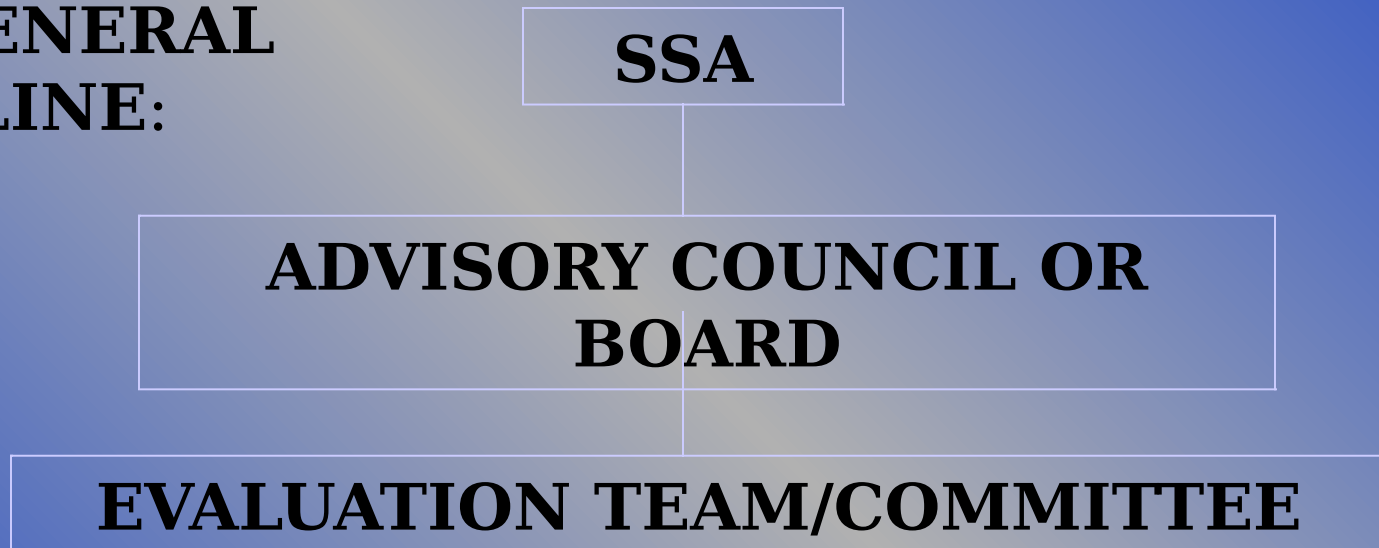
THE SSA MAY DETERMINE THAT TWO PROPOSALS ARE SUBSTANTIALLY EQUAL - EVEN THOUGH ONE HAS A HIGHER SCORE

THE GAO HAS RULED THAT THE SSA HAS SUBSTANTIAL FREEDOM IN THIS AREA AS LONG AS THE SPECIFIC EVALUATION CRITERIA IS FOLLOWED



SOURCE SELECTION ORGANIZATIONS

**IN GENERAL
OUTLINE:**



**HOWEVER IN MAJOR/LARGE
PROCUREMENTS THIS STRUCTURE CAN
BECOME VERY COMPLEX**



EVALUATION CRITERIA

GENERAL: Technical, Management, Cost

SPECIFIC:

*Area	- Management
*Item	-Subcontracts
*Factor	-Radar Services

ASSESSMENT CRITERIA:

- * Soundness of Approach**
- * Understanding Requirements**
- * Past Performance**

EVALUATION STANDARDS:

- * Not Divulged to Offerors**
- * Prepared before Receipt of Proposals**
- * Written for Each Factor**
- * Guide for Minimum Requirements**



COMPETITIVE SOURCE SELECTION

- KEY TERMS & CONCEPTS -

**KEY TERMS AND CONCEPTS THAT MUST
BE UNDERSTOOD**

- * CLARIFICATIONS**
- * DEFICIENCIES**
- * DISCUSSIONS**
- * COMPETITIVE RANGE**



SOCIAL AND ECONOMIC CONCERNS

FAR Parts 19-26

- **SMALL BUSINESS PROGRAMS**
- **APPLICATION OF LABOR LAWS**
- **ENVIRONMENT, CONSERVATION, OCCUPATIONAL SAFETY, AND DRUG FREE WORKPLACE**
- **PROTECTION OF PRIVACY AND FREEDOM OF INFORMATION**
- **FOREIGN ACQUISITION**
 - ***BUY AMERICAN ACT***
 - ***FOREIGN MILITARY SALES***
- **OTHER SOCIOECONOMIC PROGRAMS**

Politics are part of the process.



EVALUATION CRITERIA

**THE STRUCTURE OF THE SUBJECT
MATTER IS USUALLY HEIRARCHICAL**

1. AREAS

a. ITEMS

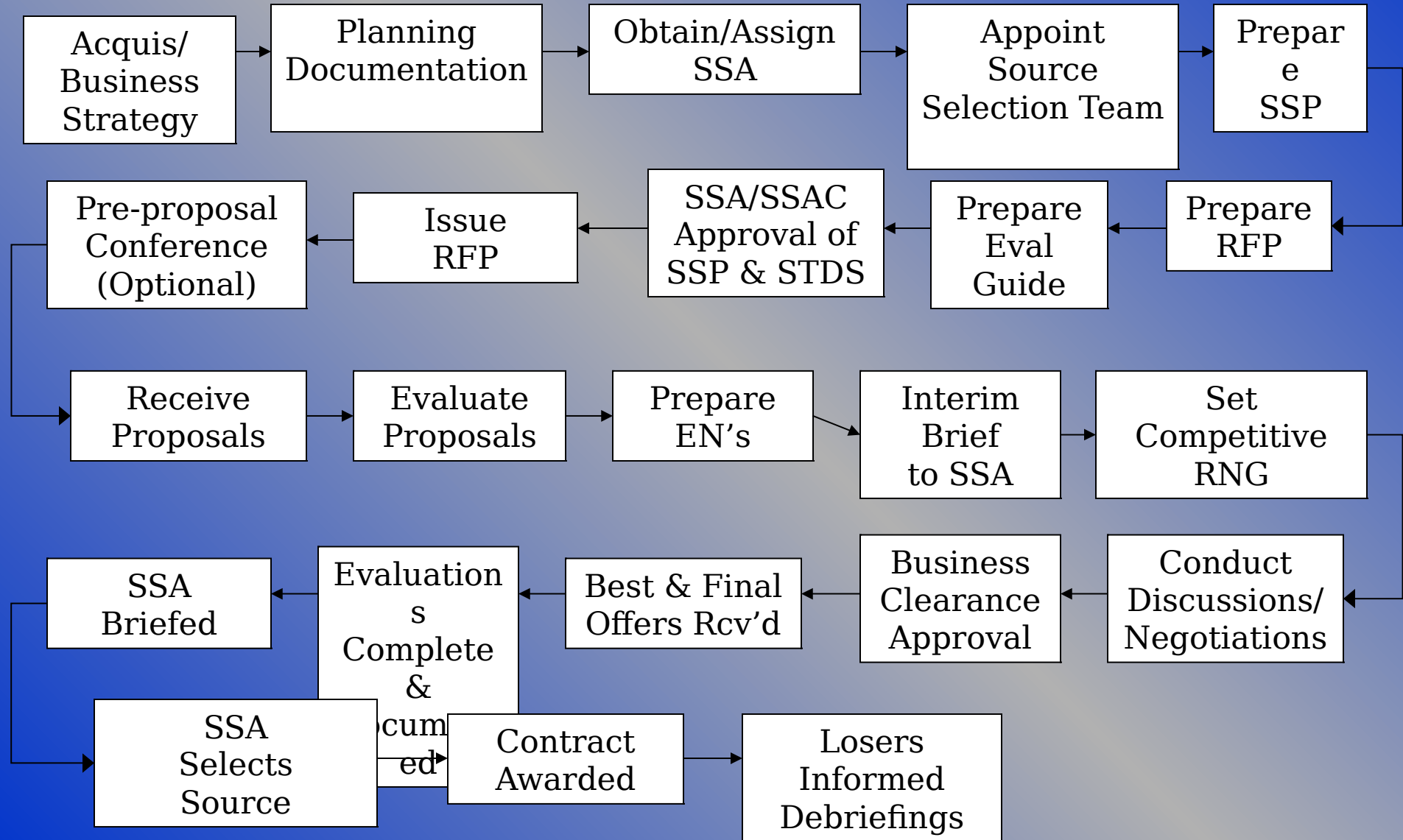
1. FACTORS



EVALUATION - OTHER FACTORS

- **RARELY SCORED (IF EVER)**
- **SUBJECTIVE IMPRESSION CAN SWAY CLOSE COMPETITION**
- **EXAMPLES:**
 - ***RELATED EXPERIENCE***
 - ***PAST PERFORMANCE***
 - ***EQUAL OPPORTUNITY COMPLIANCE***
 - ***SMALL (DISADVANTAGE) BUSINESS RECORD***
 - ***NARRATIVE & COMPLIANCE OF COST VOLUME***

SOURCE SELECTION PROCESS



DoD Contracting is Changing!

- **Performance based contracting**
 - Use Statement of Objectives (SOO) and have the contractor write the Statement of Work (SOW) based on these top level objectives.
 - Use Operational Requirements Document (ORD) in place of both SOO and SOW!
- **These initiatives allow the program office significant flexibility in tailoring contracting strategy to program risks**
- **Acquisition Reform drives new philosophy**



Summary



- The RFP becomes the contract
- Government policy in competition
- Cost estimating (yours and mine)
- Contract administration (where the rubber meets the road)
- Source selection (tough job)



Outline



- **Acquisition Environment and Process Overview**
- **Marketers, Business Development, and the Action Officer**
- **Requirements Generation Process**
- **Contracting**
- **Financial Management:**
 - Cost Estimation
 - PPBS/Resource allocation
 - Program/Budget Execution
- **Program Execution**
- **Production & Deployment** ←
- **System Upgrades/ Modifications**